

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

ALEXANDER E. JONES AND ) CASE NO: 22-33553-cml  
THE OFFICIAL COMMITTEE OF )  
UNSECURED CREDITORS, ) Houston, Texas  
Debtors. ) Wednesday, February 5, 2025  
9:00 AM to 9:26 AM  
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HEARING

BEFORE THE HONORABLE CHRISTOPHER M. LOPEZ  
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

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1           HOUSTON, TEXAS; WEDNESDAY, FEBRUARY 5, 2025; 9:00 AM

2                               (Call to Order)

3           THE COURT:   -- 9:00 a.m. case, Alex Jones.  Why  
4   don't I take appearances in the courtroom and then we'll get  
5   started.

6           MR. WOLFSHOHL:  Good morning, Your Honor.  Joshua  
7   Wolfshohl, Kenesha Starling, and Jordan Stevens from Porter  
8   Hedges, for the Trustee.  And Mr. Murray is here as well --

9           THE COURT:  Okay.  Good morning.

10          MR. WOLFSHOHL:  -- as well as co-counsel --

11          MS. JONES:  (indiscernible)

12          MR. WOLFSHOHL:  -- Erin Jones.

13          THE COURT:  Good morning.

14          MR. JORDAN:  Your Honor, Shelby Jordan and Antonio  
15   Ortiz, co-counsel, along with Mr. Ben Broocks and Mr.  
16   William Broocks, here in the courtroom today.

17          THE COURT:  Good morning.

18          MR. JORDAN:  And that's -- I'm sorry -- co-counsel  
19   for Mr. Jones.

20          THE COURT:  Yes, thank you.

21          MR. KIMPLER:  Good morning, Your Honor.  Kyle  
22   Kimpler, from Paul Weiss, on behalf of the Connecticut  
23   families.  I'm joined by my partner, Mr. Paterson, and on  
24   the screen, Mr. Ryan Chapple.

25          THE COURT:  Good morning.  Oh, I should turn my

1 camera on. I apologize.

2 MR. MOSHENBERG: Good morning, Judge. Avi  
3 Moshenberg, here on behalf of the Texas Plaintiffs. Also  
4 with me is Jarrod Martin and Jennifer Hardy, Your Honor.

5 THE COURT: Good morning. Anyone else wish to  
6 make an appearance? Okay. Here on the 9019 settlement, and  
7 I know that there are some related motions that we should  
8 talk about.

9 MR. JORDAN: Your Honor, if I might?

10 THE COURT: Sure.

11 MR. JORDAN: Shelby Jordan. We have made -- we  
12 being the Alex Jones team of lawyers, two firms and lawyers  
13 that have been very, very busy -- we've made every effort we  
14 possibly could to get a grasp on what has turned out to be a  
15 very, very complex matter that could, if we are not careful,  
16 be a case dispositive motion. We could walk out today and  
17 have nothing to show for the values of the appeal or for  
18 other matters that --

19 THE COURT: Let me -- let me stop. I've studied  
20 this 9019 over the past several days very carefully. I know  
21 we had a status conference and I knew that there were some  
22 discovery-related issues.

23 The Free Speech case originally started as a  
24 Subchapter IV -- was originally a lawyer and CRO. I find  
25 professionals -- I thought there was a conflict between

1     those professionals and the Jones estate, so I didn't  
2     approve them. Then came in another set of lawyers and  
3     another CRO. The two cases, the Jones case, the Free Speech  
4     case, proceeded on a track, side-by-side track basis.

5             We held the hearings on the non-dischargeability  
6     claims in the Jones case. Non-dischargeability claims were  
7     put in abeyance in the Free Speech case because the Fifth  
8     Circuit had agreed to take up the issue. The Fifth Circuit  
9     ruled. They got it exactly right. It's exactly what I  
10    would have ruled. But theirs is more important. So we were  
11    left with the summary judgment in the Jones case. Never  
12    really took it up in Free Speech.

13            There were a couple of other adversary  
14    proceedings, some related Texas parties who never had their  
15    day in front of me. Parties, Texas families, a group of  
16    them, and Connecticut families were in mediation with other  
17    parties. I know the Jones folks were there. I know Free  
18    Speech was there a while, about a year. Nothing came of it.  
19    There was a 9019. But then it was contingent upon approval  
20    of a plan that never happened for the 90 -- that went away.  
21    But I was prepared to approve that.

22            The case had been going on for about two years.  
23    Then they went to mediation again before another judge in  
24    another district. That was unsuccessful. Mediation  
25    sometimes work; they don't. My point is that people have

1     been trying to consensually resolve these issues for two  
2     years, and it didn't happen. And the Free Speech case could  
3     have either converted or been dismissed. But it couldn't  
4     hang out in Chapter 11 because there was no way it was going  
5     to be able to confirm a plan.

6             And to say that they stretched -- and I allowed it  
7     to happen -- stretched the limits of Subchapter V and what  
8     it was intended to do is an understatement in terms of  
9     timing; not in terms of ruling, but in terms of timing to  
10    get a plan on. But people were mediating. And I thought it  
11    made sense that if people were going to try to reach a deal,  
12    if you were going to put together a plan and this all worked  
13    out, then I didn't want to put my thumb on the scale. So,  
14    ultimately, I made a decision to dismiss the Free Speech  
15    case.

16            We were left with the Jones case. But I retained  
17    -- I told Murray he could keep -- Mr. Murray, the Chapter 7  
18    Trustee appointed then in the Jones case, because the Jones  
19    case converted as well -- keep the cash from Free Speech in  
20    the bank accounts, and kept two adversary proceedings, one  
21    involving PQPR, another one involving Elevated Solutions  
22    Group. No professionals started coming to me. I don't know  
23    if it's true or not, but anyway.

24            But Texas families were able to try to collect on  
25    their judgment against Free Speech. They had rights given

1 by a Texas court, I think even going after some of the Free  
2 Speech professionals who were working to preserve the  
3 estate.

4 When it came time to potentially sell assets, Mr.  
5 Murray and his counsel told me that they think that the real  
6 way to maximize value is to sell stuff, and not just the  
7 equity. They wanted the opportunity to go do this, and they  
8 thought they could do this by an auction.

9 They had, over an objection of the United States  
10 Trustee, told me just let them sell the equity. I entered a  
11 supplemental order so that to ensure you have the Trustee  
12 cover that he could sell the assets. That's what that order  
13 was intended to do. The supplemental dismissal order was  
14 just to make sure, because that was the request.

15 We had the auction process. I won't recount what  
16 happened, but I didn't approve the proposed sale. I had a -  
17 - I think the evidence is clear -- a backup bidder at the  
18 beginning. We didn't even know what the winning bid was. I  
19 had an auctioneer who got on the stand and didn't even know  
20 what he was going to get paid, or under what terms he was  
21 going to get paid.

22 I had a winning bid that was clearly based on a  
23 contingency. There was a sliding scale in the agreement.  
24 The proposed order submitted originally had the very  
25 language showing it was a contingency. And the Trustee was

1     telling me that it wasn't a contingency. That was his  
2     understanding.

3             So I was asked to approve a sale that had a  
4     contingency clearly in it, but was told to act like there  
5     wasn't a contingency, upon a sale price that no one really  
6     could articulate, because depending on how you took it as a  
7     contingency or not a contingency. And we couldn't figure  
8     out exactly what the auctioneer was even going to get paid,  
9     because I don't even think he knew.

10            I then denied that auction. We were here until,  
11     what, 10:30 that night? So I didn't want -- and then I  
12     asked -- this case has been going on, I said -- I gave some  
13     (indiscernible) speech, told them it's been going on for  
14     like three years, and let's just get this back on track, get  
15     back to doing -- no, I should back up and mention that the  
16     supplemental order was appealed by the Texas families. I  
17     think that matter is still pending.

18            MR. JORDAN: It is, Judge.

19            THE COURT: I lose jurisdiction over that  
20     immediately.

21            MR. JORDAN: It's still -- it is still pending.

22            THE COURT: But I think the appeal was something  
23     like, Judge, you can't do that, was the basis of the appeal.  
24     I don't have authority to go vest the property of the  
25     estate.



1           So the sale didn't happen, and I said, I don't  
2   want any more contingencies. If there's going to be a sale  
3   of assets, then cash will be king. But if there's confu- --  
4   if there's -- gets complicated, like it was last time, where  
5   you had IP assets, and people weren't bidding against each  
6   other.

7           I also said the sale price was low. Turns out  
8   there's been an offer made since that day, which almost  
9   doubles the amount that was -- increased the offer by a  
10   week. A week, like it was there. That's fine. Then if  
11   things get -- I told folks, if you want to sell it, cash  
12   will be king. Get back to doing just -- you want to sell  
13   the equity? Sell the equity, but cash will be king.

14          I took up the motion for reconsideration filed by  
15   the Connecticut families. I know that the Jones side has a  
16   motion for reconsideration pending that will run its own  
17   course. But as things sit today, as I see them -- I could  
18   be wrong -- no, I'm not wrong on this, and maybe just  
19   slightly off on the numbers -- but I know that the  
20   Connecticut court has -- in Appellate Connecticut court, a  
21   second level of revision has taken some of the  
22   (indiscernible) amounts. And now that's subject to further  
23   appeal, and parties will appeal.

24          I haven't denied anyone any ability to pursue.  
25   Jones was able to hire his own lawyers. Connecticut family

1 was able to pursue those judgments. My non-dischargeability  
2 order in the Jones case kind of has a mechanism saying, this  
3 is what I found based on summary judgment, based on the  
4 collateral estoppel of the findings made in the Connecticut  
5 court. The Connecticut court ultimately finds that X is the  
6 number, will then kind of compare it to what I did, and  
7 there's a kind of an adjustment so that I'm not allowing any  
8 more than a Connecticut court would have allowed.

9 Same thing for Texas. I think there was a portion  
10 that I didn't approve for Texas, I know, and for Connecticut  
11 as well, that I didn't find -- I didn't think there were  
12 basis for collateral estoppel findings, and appellate courts  
13 will review what I did, and that's the way the process  
14 works. I've got no issues with that.

15 So that's where things stand. I don't know,  
16 around a billion dollars for Connecticut right now, subject  
17 to further appeal, non-dischargeable. Around \$50 million  
18 for Texas, subject to further appeals. The numbers could  
19 stay the same, numbers could be zero, numbers could go up.  
20 I don't know. It's all subject to state court appeals now.

21 But FSS, that estate is closed. That case is  
22 closed. That case is closed. Which means that someone has  
23 a contract dispute with FSS. You don't come to me. You  
24 have whatever rights you have outside the bankruptcy. The  
25 bankruptcy doesn't affect your claims one way or the other.

1           There were several individuals who had a case.  
2   They were suing Jones in Texas state courts. They can  
3   continue their trials in state courts. There's nothing  
4   stopping anyone from pursuing any claims in Texas state  
5   court. The bankruptcy has no impact. In other words, the  
6   bankruptcy itself, the estate, there's no automatic stay  
7   stopping -- no one has to come ask me for permission. You  
8   have whatever rights you have.

9           I already said, multiple years to try to reach a  
10   settlement, and they didn't. And I'm not saying anybody  
11   should have settled. I don't get into why people settle and  
12   don't settle. Not my purview. I'm there to evaluate  
13   settlements and determine whether they're in the best  
14   interest of the estate. That's my job.

15           So, kind of where we are. Several years of  
16   negotiating, no settlement, no plan. FSS gets dismissed.  
17   Failed auction. Now there's a 9019. The 9019 now wants me  
18   to allow claims against FSS. And I don't -- and I can't do  
19   that. And all bankruptcy lawyers know that I can't do that.  
20   Because there's no estate. There's no bankruptcy estate to  
21   allow a claim against. People can go to state court right  
22   now. If FSS Free Speech doesn't pay someone's bills, you  
23   don't come to me and ask for an admin claim. You go to  
24   state court. You go to court where you can go to court, but  
25   you don't have to come to me.

1           So, now the Trustee is asking me to approve a 9019  
2   settlement where I'm allowing over \$400 million of claims  
3   against Free Speech. And now the Texas families are saying  
4   that the matter that they very much appealed, they're now  
5   embracing. The supplemental order is now embraced.

6           The Trustee who asked me for a specific order for  
7   a specific purpose is now using that order. But it was only  
8   for one purpose, to see if he could sell the assets. To now  
9   use those words, knowing what we did and why we did it, and  
10   everybody was in the room when we did it. Ha Nguyen was  
11   here. The U.S. Trustee was sitting right there telling me.

12           So, now it's going to be expanded to then allow  
13   \$480 million worth of claims against an entity in a case  
14   that I dismissed. I'm being asked to allow claims -- allow  
15   -- and allow is bankruptcy buzzword 101.

16           And here we are again. Before we would pit the  
17   families against each other, where Connecticut and Texas  
18   would disagree on whether the form of relief being requested  
19   was appropriate. Happened during the auction too, where  
20   Texas said, I don't understand what we're doing here and I  
21   don't understand how this is going to work.

22           So, now I'm told we're all aligned and you just --  
23   Lopez, just have to allow a claim against an entity in a  
24   case that's been dismissed. I can't do that. I cannot do  
25   that. I don't have authority to do it. And I'm not going

1 to use the supplemental order, which was used for one  
2 purpose and one purpose alone, and that purpose is now gone.  
3 Gone. I'm very much inclined to vacate that order because  
4 it serves no purpose. I'm not allowing a sale of the assets  
5 anymore. Pure sale of the equity.

6 We're going to -- I've got to -- this case keeps  
7 taking twists and turns and trying to come up with really  
8 masterful and creative lawyering. But at its core, it's  
9 something I can't approve. Would come -- you know...

10 And so, I know... I read the revised settlement.  
11 Read the revised order. Bankruptcy lawyers know I can't do  
12 this unless we get really, really, really creative. And I  
13 think on a case like this, we've got -- with multiple  
14 appeal, any party, regardless of what I do, people have  
15 their rights.

16 So, before everyone gets started, let me just tell  
17 you, I can't do this. I'm going to again turn to Mr.  
18 Moshenberg and tell him, you'd better -- I need you to tell  
19 me what you want to do on your -- this non-dischargeability  
20 action.

21 I know that there's a pending motion in the other  
22 one. I've now approved the two matters in which there's  
23 9019s and the two settlement matters. Money's going to go  
24 out the door. You don't have to tell me now. I want you to  
25 file something and tell me exactly what you all are going to

1 do.

2 MR. MOSHENBERG: Understood, Your Honor.

3 THE COURT: And just play it down the line, in  
4 other words. People have rights and I'm not telling you to  
5 put you on the spot or anything, I just know.

6 Mr. Murray, if you want to sell the equity, go  
7 sell the equity. This case -- people have rights and  
8 they've been... If you want to go pursue claims against  
9 Jones in state court against Free Speech, I don't -- I  
10 dismissed the case and I know what comes along with that.  
11 Those arguments were made to me and I know what they are.

12 No, you don't have to say anything. I know what  
13 the rights are. And I'm not -- so you can consider any use  
14 of the supplemental order null and void, because the purpose  
15 for which it served was the auction of the assets, and we're  
16 not doing that anymore. I don't trust the process. I would  
17 have to do it -- me, myself -- and I'm not overseeing it.

18 So kind of get comfortable with the process so  
19 that we don't kind of do the same thing. We've already did  
20 it really long and complicated and brought in auctioneers  
21 and had lots and -- enough has been -- and I think what this  
22 Debtor needs and what these families need is finality of the  
23 bankruptcy process so that they can pursue whatever it is  
24 that they want in judgments in state court, which is where  
25 they started in the 1st place; Connecticut, Texas, for the

1 most part. I know that there's some other litigation  
2 pending out there.

3 I just -- I don't have the ability to allow a  
4 claim against an entity. And in a case that has been  
5 dismissed in which I literally gave specific authori- -- you  
6 keep the cash; we're going to keep these two adversaries.  
7 I'm going to settle these. I'm going to keep jurisdiction  
8 over these two things and this one. And I'm not going to do  
9 it for anything else.

10 I can't use the supplemental order to then go --  
11 for a purpose in which it was never intended. And I get to  
12 construe my own orders and I retain jurisdiction over them.  
13 This case will be highly simplified. And I know Mr.  
14 Wolfshohl said he's been listening to these transcripts  
15 carefully. I made it super simple for you this time.

16 There will be -- I don't know. Someone has a  
17 case, bring it. There have been multiple years of  
18 investigations. No lawsuits have been (indiscernible) in  
19 front of me. Maybe one is coming. I don't know. If it  
20 does, we'll take it up and I'll rule.

21 I'm not sure anybody's ever been happy about --  
22 completely set in my rulings. I'm not sure Mr. Jones has  
23 been entirely happy to know that I found on summary judgment  
24 that he's liable for over a billion dollars in non-  
25 dischargeable debt and over \$49 million dollars. I'm sure

1 he -- appealing -- he is appealing. And that's his right.

2 So, I'm sure the Connecticut and the Texas family  
3 -- I'm sure the Connecticut families weren't too happy about  
4 my decision about the auction. Sure Global Tetrahedron  
5 wasn't too happy about it. But I'm really trying to do what  
6 I think is my duty and my job upon careful analysis of the  
7 law.

8 And so I'm not approving. I cannot on its face.  
9 You don't have to put on any evidence. I can't approve this  
10 sale. I can't allow \$480 million dollars. And I don't want  
11 folks to put it up. And we don't need to take up TROs and  
12 Connecticut and Texas.

13 Texas, you have whatever rights you have.  
14 Connecticut, you have whatever rights you have against Free  
15 Speech, case against Jones. If you want to have another --  
16 if you want to settle with the Trustee on Jones related  
17 matters, do it. Tee it up. We'll take it up. But these  
18 things are inextricably linked and multiple appeals going  
19 on. Well, I don't know if they're still going on. They  
20 probably will on the non-dischargeability front, by the way.  
21 You have whatever rights you have on the supplemental order.

22 MAN 1: Judge, if I could comment --

23 THE COURT: Won't be used again. No, no, no. I  
24 don't need you to comment on anything. I don't -- because  
25 it's going to open the door. I just wish everyone a good



1 day. Thank you.

2 CLERK: All rise.

3 (Whereupon these proceedings were concluded at

4 9:26 AM)

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## RULINGS

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Motion to Approve Sale, Denied

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CERTIFICATION

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I certify that the foregoing is a correct transcript from  
the electronic sound recording of the proceedings in the  
above-entitled matter.

A handwritten signature in black ink, reading "Sonya M. Ledanski Hyde". The signature is written in a cursive, flowing style. The first name "Sonya" is written in a larger, more prominent script, followed by "M. Ledanski" and "Hyde". The signature is centered horizontally within the line of text.

Sonya Ledanski Hyde

Veritext Legal Solutions

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Mineola, NY 11501

Date: February 6, 2025